

crippling competition by the compulsory rating of underpriced slots imposed by the FAA. But such rational pricing will only be achieved when airports are privatized—taken out of the inefficient and political control of government.

There is also another important area to be privatized. Air control services are a compulsory monopoly of the federal government, under the aegis of the FAA. Even though the FAA promised to be back to pre-strike air control capacity by 1983, it still employs 19% fewer air controllers than before the strike, all trying to handle 6% greater traffic.

Once again, the genuine solution is to privatize air-traffic control. There is no real reason why pilots, aircraft companies, and all other aspects of the airline industry can be private, but that somehow air control must always remain a nationalized service. Upon the privatization of air control, it will be possible to send the FAA to join the CAB in the forgotten scrap heap of history.

Privatization

Murray N. Rothbard

Privatization” is a new in-term, on local, state, and federal levels of government. Even functions that our civic textbooks tell us can only be performed by government, such as prisons, are being accomplished successfully, and far more efficiently, by private enterprise. For once, a fashionable concept contains a great deal of sense.

Privatization is a great and important good in itself. Another name for it is “desocialization.” Privatization is the reversal of the deadly socialist process that had been proceeding unchecked for almost a century. It has the great vir-

tue of taking resources from the coercive sector, the sector of politicians and bureaucrats—in short, the non-producers—and turning them over to the voluntary sector of creators and producers. The more resources remain in the private, productive sector, the less a deadweight of parasitism will burden the producers and cripple the standard of living of consumers.

In a narrower sense, the private sector will always be more efficient than the governmental because income in the private sector is only a function of efficient service to the consumers. The more efficient that service, the higher the income and profits. In the government sector, in contrast, income is unrelated to efficiency or service to the consumer. Income is extracted coercively from the taxpayers (or, by inflation, from the pockets of consumers). In the government sector, the consumer is not someone to be served and courted; he or she is an unwelcome “waster” of scarce resources owned or controlled by the bureaucracy.

Anything and everything is fair game for privatization. Socialists used to argue that all they wish to do is to convert the entire economy to function like one huge Post Office. No socialist would dare argue that today, so much of a disgrace is the monopolized governmental Postal Service. One standard argument is that the government “should only do what private firms or citizens cannot do.” But *what* can’t they do? Every good or service now supplied by government has, at one time or another, been successfully supplied by private enterprise. Another argument is that some activities are “too large” to be performed well by private enterprise. But the capital market is enormous, and has successfully financed far more expensive undertakings than most governmental activities. Besides the government has no capital of its own; everything it has, it has taxed away from private producers.

Privatization is becoming politically popular now as a means of financing the huge federal deficit. It is certainly true that a deficit may be reduced not only by cutting expen-

ditures and raising taxes, but also by selling assets to the private sector. Those economists who have tried to justify deficits by pointing to the growth of government assets backing those deficits can now be requested to put up or shut up: in other words, to start selling those assets as a way of bringing the deficits down.

Fine. There is a huge amount of assets that have been hoarded, for decades, by the federal government. Most of the land of the Western states has been locked up by the federal government and held permanently out of use. In effect, the federal government has acted like a giant monopolist: permanently keeping out of use an enormous amount of valuable and productive assets: land, water, minerals, and forests. By locking up assets, the federal government has been reducing the productivity and the standard of living of every one of us. It has also been acting as a giant land and natural resource cartel—artificially keeping up the prices of those resources by withholding their supply. Productivity would rise, and prices would fall, and the real income of all of us would greatly increase, if government assets were privatized and thereby allowed to enter the productive system.

Reduce the deficit by selling assets? Sure, let's go full steam. But let's not insist on too high a price for these assets. Sell, sell, at whatever the assets will bring. If the revenue is not enough to end the deficit, sell yet again.

A few years ago, at an international gathering of free-market economists, Sir Keith Joseph, Minister of Industry and alleged free-market advocate in the Thatcher government, was asked why the government, despite lip-service to privatization, had taken no steps to privatize the steel industry, which had been nationalized by the Labor government. Sir Keith explained that the steel industry was losing money in government hands, and "therefore" could not command a price if put up for sale. At which point, one prominent free-market American economist leaped to his feet, and shouted,

waving a dollar bill in the air, "I hereby bid one dollar for the British steel industry!"

Indeed. There is no such thing as no price. Even a bankrupt industry would sell, readily, for its plant and equipment to be used by productive private firms.

And so even a low price should not stop the federal government in its quest to balance the budget by privatization. Those dollars will mount up. Just give freedom and private enterprise a chance.

Government vs. Natural Resources

Murray N. Rothbard

It is a common myth that the near-disappearance of the whale and of various species of fish was caused by "capitalist greed," which, in a short-sighted grab for profits, despoiled the natural resources—the geese that laid the golden eggs—from which those profits used to flow. Hence, the call for government to step in and either seize the ownership of these resources, or at least to regulate strictly their use and development.

It is private enterprise, however, not government, that we can rely on to take the long and not the short view. For example, if a private investor or business firm owns a natural resource, say, a forest, it knows that every tree cut down and sold for short-run profits will have to be balanced by a decline in the capital value of the forest remaining. Every firm, then, must balance short-run returns as against the loss of capital assets. Therefore, private owners have every economic incentive to be far-sighted, to replant trees for every tree cut down, to increase the productivity and to maintain the resource, etc. It is precisely *government*—or firms allowed